

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

SAJ-01 /102 W

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R 031340Z FEB 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3780

INFO AMEMBASSY MOSCOW

AMEMBASSY RABAT

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E.O. 11652: N/A

TAGS: ETRD, EAID, AG, UR

SUBJ: ALGERIAN-USSR TRADE AND COOPERATION ACCORD

1. SUMMARY: ALGERIA AND SOVIET UNION, AT CLOSE OF ANNUAL MEETING OF PERMANENT ECONOMIC COMMISSION, SIGNED PROTOCOLS WHICH ACCORDING TO ALGERIAN PRESS, DEMONSTRATE MATRUE LEVEL OF COOPERATION BETWEEN TWO COUNTRIES. PROTOCOLS REPORTEDLY CALL FOR COOPERATION IN SEVERAL NEW AREAS INCLUDING A NEW STEEL MANUFACTURING PROJECT, BASED ON GARA DJEBILET IRON ORE RESERVES. OTHER PROJECTS MENTIONED ARE A HEAVY MECHANICAL AND ELECTRICAL COMPLEX, CONSTRUCTION OF DAMS, AND TECHNICAL TRAINING. PRESS COVERAGE, HOWEVER, IS LONG ON GENERALITIES AND SHORT ON SPECIFICS REGARDING FUTURE COOPERATIVE EFFORTS. END SUMMARY.

2. ALGERIA AND THE USSR SIGNED, JANUARY 27 IN MOSCOW, PROTOCOL COVERING RESULTS OF ANNUAL MEETING OF THE PERMANENT ECONOMIC COMMISSION BETWEEN TWO SIDES.

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DELEGATIONS WERE HEADED BY BELAID

ABDESSELAM, MINISTER OF INDUSTRY AND ENERGY, AND S.A. SKATCHOKOV, PRESIDENT OF THE COMMITTEE OF STATE OF THE COUNCIL MINISTERS. ACCORDING TO ALGERIAN PRESS REPORTS, 4TH SESSION OF THE PERMANENT COMMISSION EXPRESSED ITS SATISFACTION WITH THE GROWTH OF BILATERAL COOPERATION, POINTING SPECIFICALLY TO AREAS OF METALLURGY, GEOLOGY, MINERAL RESEARCH, HYDROCARBONS, AGRICULTURE, HYDRAULICS, AND TRAINING AS EXAMPLES OF COOPERATIVE EFFORTS. SPECIFICALLY CITED WERE COOPERATION ON MERCURY FACTORY AT AZZABA AND STEEL COMPLEX AT EL-HADJAR. TONOR OF PRESS COVERAGE WAS WARM AND MUCH WAS MADE OF THE POSSIBILITIES OF COOPERATION BETWEEN THE TWO SIDES IN THE FUTURE.

3. PRESS CITED FOLLOWING SECTORS IN WHICH FUTURE COOPERATION WAS DISCUSSED DURING THE BILATERAL COMMISSION MEETING:

A) IN THE STEEL SECTOR ALGERIA WILL CONSTRUCT A SECOND STEEL MILL IN WESTERN ALGERIA WHICH WILL BE LINKED WITH PLANS TO EXPLOIT MINERAL DEPOSITS IN THE GARA DJEBILET AREA. THE SOVIET SIDE, THE PRESS NOTED, EXPRESSED "A LIVELY INTEREST" IN THIS AREA OF DEVELOPMENT INCLUDING INVESTMENT IN THE MINE IN THE SOUTHWEST, AND IN CONSTRUCTION OF A MODERN RAILROAD. THE TWO SIDES REPORTEDLY AGREED TO BEGIN BY JOINTLY WORKING OUT IN DETAIL PLANS FOR THE NECESSARY STUDIES AND PROJECTS. EXISTING BILATERAL COOPERATION ON EXTENSION OF EL-HADJAR STEEL COMPLEX WAS ALSO DISCUSSED.

B) IN THE MECHANICAL AND ELECTRICAL SECTOR, ALGERIA PLANS TO CONSTRUCT A HEAVY EQUIPMENT MANUFACTURING COMPLEX TO COVER THE NEED OF THE STEEL, MECHANICAL, PETROCHEMICAL AND ASSOCIATED SECTORS. THIS IMPORTANT PROJECT, SAYS PRESS, CAN CONSTITUTE ANOTHER OCCASION FOR THE REINFORCEMENT OF COOPERATION BETWEEN THE TWO COUNTRIES.

C) RE OTHER SECTORS, THE BILATERAL COMMISSION ALSO REVIEWED THE POSSIBILITIES OF COOPERATION IN ELECTRICAL GENERATION, WATER DESALINIZATION, AND THE WHOLE RANGE OF DEVELOPMENT PROJECTS FORESEEN IN DEVELOPMENT PLAN. CONSTRUCTION OF DAMS WAS SPECIFICALLY MENTIONED. LIMITED OFFICIAL USE

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D) RE TECHNICAL TRAINING, PRESS NOTED THAT TANGIBLE RESULTS WERE ACHIEVED BY THE BILATERAL COMMISSION RE COOPERATION IN TRAINING PROGRAMS FOR ENGINEERS, TECHNICIANS, AND SKILLED WORKERS.

4. COMMENT: BASED ON PRESS ACCOUNT, BILATERAL COMMISSION MEETING APPERS TO HAVE BEEN OCCASION FOR BROAD DISCUSSION OF ALL OF ALGERIA'S MANY NEEDS FOR

TECHNICAL (AND FINANCIAL) ASSISTANCE, WITH FEW SPECIFIC RESULTS. PHRASES SUCH AS "AFFORDS AN OPPORTUNITY FOR COOPERATION," "EXPRESSED AN INTEREST IN," AND "POTENTIAL FOR COOPERATION" AROUND. APPEARS THAT ALGERIANS WERE USING BILATERAL COMMISSION MEETING AS OCCASION FOR SHOPPING AROUND A BIT MORE FOR DEVELOPMENT ASSISTANCE. WITH REGARD TO WEST ALGERIAN STEEL COMPLEX, FOR EXAMPLE, FEASIBILITY STUDIES ARE ALREADY UNDERWAY ON THE RAILWAY PROJECT, UNDER SUPERVISION OF U.S. ENGINEERING FIRM. BECHTEL CORP. HAS ALSO RECENTLY DISCUSSED WITH ALGERIANS A FULL FEASIBILITY STUDY OF ENTIRE STEEL MAKING COMPLEX FROM IRON ORE EXTRACTION THROUGH FINISHED PRODUCT. SAME PATTERN OF COMPARATIVE SHOPPING MAY WELL HOLD TRUE FOR OTHER PROJECTS DISCUSSED WITH SOVIETS.

5. ALGERIANS ARE ALSO AWARE THAT THEIR BORROWING NEEDS FOR DEVELOPMENT MAY AT SOME POINT EXCEED WHAT WESTERN FINANCIAL MARKETS ARE WILLING TO SUPPLY. AT THAT POINT, ONE ALGERIAN OPTION WOULD BE TO TURN TO COMMUNIST WORLD FOR INCREASED ASSISTANCE. IT POSSIBLE THAT PERMANENT COMMISSION MEETING REPRESENTED AN ATTEMPT BY ALGERIA TO LAY GROUND WORK FOR MUCH INCREASED SOVIET AND EASTERN EUROPEAN ASSISTANCE TO ALGERIAN ECONOMY, IF AND WHEN NEED ARISES.

6. SUSPECT INCLUSION OF GARA DJEBILET PROJECT IN PROTOCOL HAS MORE POLITICAL THAN ECONOMIC SIGNIFICANCE, SINCE PROJECT SEEMS STILL TO BE IN DRAWING BOARD STAGE, AND PARTICIPANTS UNDECIDED. ALGERIAN INTENTION, WE BELIEVE, IS TO UNDERSCORE THAT IN GOA'S CURRENT VIEW 1972 ACCORD FOR JOINT ALGERIAN-MOROCCAN EXPLOITATION OF RESERVES IS DEAD AND BURIED, DESPITE BRIEF LIMITED OFFICIAL USE

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RESURRECTION THIS IDEA IN SUMMER 1975.
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